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# **The Core Financial Statements**

## Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2018/19				2019/20			
Expenditure	Income	Net		Expenditure	Income	Net	Note
£'000	£'000	Expenditure		£'000	£'000	Expenditure	
		£'000				£'000	
685	(8)	677	Chief Executive Officer	639	0	639	
37,439	(34,219)	3,220	Resources and Business Transformation	35,031	(29,288)	5,743	
1,846	(532)	1,314	Legal and Governance	2,478	(792)	1,686	
15,492	(4,373)	11,119	Place & Communities	15,525	(5,024)	10,501	
4,336	(1,058)	3,278	Housing & Assets	4,371	(2,330)	2,041	
20,518	(24,080)	(3,562)	HRA - Housing Revenue Account	21,519	(24,452)	(2,933)	
<b>80,316</b>	<b>(64,270)</b>	<b>16,046</b>	<b>Cost Of Services</b>	<b>79,563</b>	<b>(61,886)</b>	<b>17,677</b>	
			<b>Other Operating Expenditure</b>				
		290	Parish Council Precepts			289	Collection Fund
		555	Contribution to Housing Pooled Capital Receipts			555	Note 25b
		(1)	Net Loss or (Gain) on sale of Fixed Assets			110	Note 16
		<b>16,890</b>	<b>Total Operating Expenditure</b>			<b>18,631</b>	

## Comprehensive Income and Expenditure Statement (Continued)

Net Expenditure £'000		Net Expenditure £'000	Note
	<b>Financing and Investment Income and Expenditure</b>		
3,370	Interest Payable and Other Charges	3,248	Note 10
(1,426)	Interest Receivable and Investment Income	(2,615)	
2,443	Pensions Net Interest Cost	2,256	Note 35b
14	Crematorium Pensions Net Interest Cost	13	
<u>4,401</u>		<u>2,902</u>	
<u>21,291</u>	Net Operating Expenditure	<u>21,533</u>	
	<b>Taxation and Non-Specific Grant Income</b>		
(2,783)	Government Grants	(1,802)	Note 9
(2,299)	Capital Grants	(2,651)	Note 9
(6,057)	NNDR Receipts	(5,802)	Note 9
(6,411)	Council Tax	(6,466)	
<u>(17,550)</u>		<u>(16,721)</u>	
<u>3,741</u>	<b>(Surplus) or Deficit on Provision of Services</b>	<u>4,812</u>	
(16,431)	Surplus or deficit on revaluation of fixed assets	(4,558)	
(8,539)	Remeasurements on pension assets / liabilities	(7,450)	Note 35b
(8)	Crematorium Remeasurements on pension assets / liabilities	(45)	Note 25g
<u>(24,978)</u>	<b>Other Comprehensive Income and Expenditure</b>	<u>(12,053)</u>	
<u>(21,237)</u>	<b>Total Comprehensive Income and Expenditure</b>	<u>(7,241)</u>	

## **Movement in Reserves Statement**

This statement shows the movement in the year on the different reserves held by the Council, analysed into useable reserves (i.e. those that can be applied to fund expenditure or reduce taxation) and other reserves.

- The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council tax setting and dwellings rent setting purposes.
- The Net Increase /Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

## Movement in Reserves Statement (Continued)

The movement in reserves statement for 2019/20 is set out below.

	General Fund Balance £'000	Earmarked Reserves £'000	Housing Revenue Account £'000	HRA Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Reserve £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Authority Reserves £'000
<b>Balance at 31 March 2019</b>	6,116	7,885	32,597	1,112	405	3,554	51,669	100,338	152,007
Surplus or (deficit) on provision of services (accounting basis)	(4,420)	0	(392)	0	0	0	(4,812)	0	(4,812)
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	12,053	12,053
Total Comprehensive Expenditure and Income	(4,420)	0	(392)	0	0	0	(4,812)	12,053	7,241
Adjustments between accounting basis & funding basis under regulations	6,802	0	4,444	0	2,261	471	13,978	(13,978)	0
<b>Net Increase / (Decrease) before Transfers to/from Earmarked Reserves</b>	2,382	0	4,052	0	2,261	471	9,166	(1,925)	7,241
Transfers to / (from) Earmarked Reserves	(1,785)	1,785	168	(168)	0	0	0	0	0
<b>Increase / (Decrease) in Year</b>	597	1,785	4,220	(168)	2,261	471	9,166	(1,925)	7,241
<b>Balance at 31 March 2020</b>	6,713	9,670	36,817	944	2,666	4,025	60,835	98,413	159,248
Notes		Note 24a	HRA Statement	HRA Note 7	Note 24c	Note 24b		Note 25	

## Movement in Reserves Statement (Continued)

The movement of reserves for 2018/19 for comparison purposes is set out below

	General Fund Balance £'000	Earmarked Reserves £'000	Housing Revenue Account £'000	HRA Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Reserve £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Authority Reserves £'000
<b>Balance at 31 March 2018</b>	<b>4,577</b>	<b>5,822</b>	<b>28,286</b>	<b>1,068</b>	<b>130</b>	<b>3,052</b>	<b>42,935</b>	<b>87,835</b>	<b>130,770</b>
Surplus or (deficit) on provision of services (accounting basis)	(3,940)	0	199	0	0	0	(3,741)	0	(3,741)
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	24,978	24,978
Total Comprehensive Expenditure and Income	(3,940)	0	199	0	0	0	(3,741)	24,978	21,237
Adjustments between accounting basis & funding basis under regulations	7,542	0	4,156	0	275	502	12,475	(12,475)	0
<b>Net Increase / (Decrease) before Transfers to/from Earmarked Reserves</b>	<b>3,602</b>	<b>0</b>	<b>4,355</b>	<b>0</b>	<b>275</b>	<b>502</b>	<b>8,734</b>	<b>12,503</b>	<b>21,237</b>
Transfers to / from Earmarked Reserves	(2,063)	2,063	(44)	44	0	0	0	0	0
Increase / (Decrease) in Year	1,539	2,063	4,311	44	275	502	8,734	12,503	21,237
<b>Balance at 31 March 2019</b>	<b>6,116</b>	<b>7,885</b>	<b>32,597</b>	<b>1,112</b>	<b>405</b>	<b>3,554</b>	<b>51,669</b>	<b>100,338</b>	<b>152,007</b>
Notes		Note 24a	HRA Statement	HRA Note 7	Note 24c	Note 24b		Note 25	

## Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet dated (31/03/20) of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by its reserves. Reserves are reported in two categories.

- Usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).
- Those that the Council is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

As at 31st March 2019 £'000		Note	As at 31st March 2020 £'000
297,499	Property, Plant & Equipment	Note 11	297,373
803	Heritage Assets	Note 12	828
0	Intangible Assets	Note 15	0
19,228	Investment Properties	Note 14	55,242
0	Long Term Debtors	Note 19	0
317,530	<b>Long Term Assets</b>		353,443
0	Short Term Investments	Note 17e	2,000
535	Inventories	Note 18	514
8,223	Short Term Debtors	Note 19	7,598
8,185	Cash and Cash Equivalents	Note 20	8,312
6,830	Assets held for sale	Note 21	936
23,773	<b>Current Assets</b>		19,360
(1,017)	Bank Overdraft	Note 20	(121)
(13,185)	Short Term Borrowing	Note 17a	(5,000)
(7,396)	Short Term Creditors	Note 22	(13,746)
(469)	Provisions	Note 23	(496)
(22,067)	<b>Current Liabilities</b>		(19,363)
0	Long Term Creditors	Note 22	0
(94,738)	Pension Liability	Note 35b	(92,892)
(552)	Crematorium Pension Liability	Note 38	(515)
(1,824)	Provisions	Note 23	(2,304)
(70,116)	Long Term Borrowing	Note 17a	(98,481)
(167,230)	<b>Long Term Liabilities</b>		(194,192)
152,007	<b>Net Assets</b>		159,248



As at 31st March 2019 £'000		Note	As at 31st March 2020 £'000
<b>Usable Reserves</b>			
(6,116)	General Fund Balance	MIR	(6,713)
(7,885)	Earmarked Reserves	Note 24a	(9,670)
(32,597)	Housing Revenue Account	HRA SMB	(36,817)
(1,112)	HRA Earmarked Reserves	HRA Note 7	(944)
0	Major Repairs Reserve	HRA Note 4	0
(405)	Usable Capital Receipts Reserve	Note 24c	(2,666)
(3,554)	Capital Grants Unapplied Reserve	Note 24b	(4,025)
<u>(51,669)</u>			<u>(60,835)</u>
<b>Unusable Reserves</b>			
(78,315)	Revaluation Reserve	Note 25a	(78,923)
(121,380)	Capital Adjustments Account	Note 25b	(114,787)
96,646	Pensions Reserve	Note 25c	92,892
560	Crematorium Pensions Reserve	Note 25g	515
365	Accumulated Absences Account	Note 25d	390
34	Collection Fund Adj Acc - Council Tax	Note 25f	86
1,031	Collection Fund Adj Acc - NNDR	Note 25f	701
721	Financial Instruments Adjustment Account	Note 25e	713
<u>(100,338)</u>			<u>(98,413)</u>
<b><u>(152,007)</u></b>	<b>Total Reserves</b>		<b><u>(159,248)</u></b>

## Cash Flow Statement

The Cash Flow statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or income generated from services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources, which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of borrowing to the Council. Further explanation supporting the Cash Flow can be found at Note 26.

2018/19 £'000		2019/20 £'000	Note
(3,741)	Net surplus or (deficit) on the provision of services	(4,812)	Note 7
19,472	Adjustment to surplus or deficit on the provision of services for non-cash movements	37,123	Note 26a
(3,923)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(10,631)	Note 26a
11,808	Net Cash flows from operating activities	21,680	
(8,017)	Net Cash flows from Investing Activities	(40,838)	Note 26c
0	Net Cash flows from Financing Activities	20,181	Note 26d
3,791	Net increase or decrease in cash and cash equivalents	1,023	
3,377	Cash and cash equivalents at the beginning of the reporting period	7,168	Note 20
7,168	Cash and cash equivalents at the end of the reporting period	8,191	Note 20

# **Notes to the Core Financial Statements**

## **1. Accounting standards to be adopted**

The Code of Practice on Local Authority Accounting requires the Council to disclose the expected impact of new standards that have been issued but not yet adopted by the Code for the financial year. The standards applicable for 2019/20 financial statements, which will apply from 2020/21, are:

- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long term interest in Associates and Joint Ventures.
- Annual Improvements to IFRS Standards 2015-17 Cycle.
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement.

These are not expected to have a material impact on the statement of accounts for next year.

## **2. Critical Judgements in Applying Accounting Policies**

In applying the accounting policies as set out in the Statement of Accounting Policies, the Council has had to make critical judgements about complex transactions and those involving uncertainty about future events.

### Future Funding

There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not as yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

### Brexit

The United Kingdom (UK) left the European Union (EU) on 31 January 2020. There is a transition period until the 31 December 2020 while the UK and EU negotiate additional arrangements. The current rules on trade, travel, and business for the UK and EU will continue to apply during the transition period and new rules will take effect on 1 January 2021. These timescales could be impacted on by the Coronavirus (COVID-19) pandemic (see comment below). The full impact on the Council of the decision to leave the European Union still remains unclear.

### COVID-19

In March 2020, the worldwide pandemic of Coronavirus (COVID-19) hit the UK and is on-going. This is impacting on the Council's income streams such as local taxation, fees and charges and potentially investment income. New government support has been granted, however it is uncertain if this will be sufficient to fully mitigate the impact. The full impact of the pandemic on the world and the UK economy is unknown and the full impact on the Council is unclear.

### Valuation of property plant and equipment and investment property

The Covid-19 pandemic has led to an unprecedented set of circumstances on which to base valuation judgements. Less weight can be attached to previous market evidence, which is used by the valuer to inform opinions of value. Land and buildings and investment property valuations included in the Balance Sheet and disclosed in notes 11 and 13 have been reported by the valuer on the basis of 'material uncertainty' (as per VPS3 and VPGA 10 of RICS Red Book Global). As a consequence less certainty and a higher degree of caution should be attached to the valuation than would normally be the case.

### Valuation of the Council's share of Pension Fund assets

Within the calculation of the Council's net pension liability disclosed in note 35, the Council is allocated a share of the Nottinghamshire Pension Fund's assets. The same circumstances apply to the Pension Fund's property investments as identified for the Council's land and buildings, and the Pension Fund's valuer has also reported their valuations on the basis of 'material valuation uncertainty' (as per VPS3 and VPGA 10 of the RICS red book). The valuer has further explained that market activity is being impacted in many sectors and at the valuation date they do not consider that it is possible to rely upon previous market evidence to fully inform opinions of value. As a consequence less certainty and a high degree of caution should be attached to the valuation than would normally be the case.

The Pension Fund actuary has estimated the Council's share of these Pension Fund Property assets at 31 March 2020 was £15.5 million.

## **3. Assumptions made about the future and sources of uncertainty**

The Statement of Accounts contains estimated figures that are based upon assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's Balance Sheet at 31<sup>st</sup> March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

### **a. Business Rates Appeals**

The Business Rate Retention scheme introduced a requirement to maintain a provision for rating appeals. The system is complex and neither the number of successful appeals nor the percentage reduction in rateable value (RV) achieved can be pre-determined. The current provision totals £4.925m of which the Council's share as billing authority is £1.970m, as detailed in note 23.

A change of 5% in the assumed RV reduction achieved for each NDR appeal could increase or decrease the provision requirement by around £246k. Of this, the Council's share as billing authority would be £99k.

## **b. Property, Plant and Equipment**

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for Property, Plant and Equipment would increase by £118k for every year that useful lives have to be reduced.

## **c. Pensions Liability**

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

The effects on the net pension liability of changes in individual assumptions can be measured. For example, a one year increase in the mortality assumption (life expectancy) would result in an increase of £8.169m in the pension liability, and a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £3.881m. This is detailed at note 35. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods.

## **d. Arrears and Doubtful Debts**

An estimate of the impairment allowance for doubtful debts is based upon the age and type of each debt. A collective assessment matrix is used, including the value of items with shared characteristics, e.g. type of debt, the period overdue, together with a weighting factor for the probability of default. At 31 March 2020, the Council had a balance for outstanding debtors of £10.225m. The total impairment for doubtful debts is £2.698m, as detailed at note 19. The potential impact of COVID-19 on arrears levels and doubtful debt has been considered in the estimates.

The largest type of arrears and doubtful debts relates to overpaid Housing Benefits. There is a provision that relates specifically to those cases where adjustment to on-going benefit is not possible and the debt is pursued through the usual recovery methods. Given the current position on the account and the expected rate of recovery, this provision has increased from £1.010m to £1.054m. In terms of overpaid Housing Benefit collected through on-going benefit the provision for bad debt has decreased from £220k to £160k.

#### **4. Material Items of Income and Expense**

##### **a. Pensions**

The Council participates in the Local Government Pension Scheme administered locally by Nottinghamshire County Council. In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, a positive re-measurement of £7.450m (compared to a positive re-measurement of £8.539m in 2018/19) is included in 'Other Comprehensive Income and Expenditure'.

##### **b. Impairment of Council Housing Stock**

A full valuation of all Council Dwellings was undertaken at 31st January 2020, which has resulted in £4.6m being credited to the Revaluation Reserve. The valuation has required that £5.4m of Capital Expenditure be impaired.

#### **5. Events after the Balance Sheet Date**

Purchase of an investment property for £3.264m completed on the 2<sup>nd</sup> April 2020.

The tenant on one of the investment properties entered into administration on 22<sup>nd</sup> May 2020. A new lease assignment was made to a new tenant, in respect of this property on the 24<sup>th</sup> July 2020, following due diligence of the new tenant.

Rent deferrals are being offered to Commercial Property tenants if necessary to support them through the Covid-19 pandemic, the deferral requires all rent due for 2020/21 to be paid by the 31 March 2021.

For the purposes of consideration, Post Balance Sheet events can occur up to approval of the Statements by the Audit Committee on 19<sup>th</sup> October 2020.

## **6. Expenditure and Funding Analysis**

This shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.



2018/19				2019/20		
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
457	220	677	Chief Executive Officer	483	156	639
2,083	1,137	3,220	Resources and Business Transformation	2,599	2,860	5,459
1,182	132	1,314	Legal and Governance	1,598	88	1,686
7,492	3,627	11,119	Place & Communities	7,167	3,334	10,501
1,632	1,646	3,278	Housing and Assets	971	1,070	2,041
(7,792)	4,230	(3,562)	HRA - Housing Revenue Account	(7,811)	4,878	(2,933)
<b>5,054</b>	<b>10,992</b>	<b>16,046</b>	<b>Net Cost Of Services</b>	<b>5,007</b>	<b>12,386</b>	<b>17,393</b>
(13,011)	706	(12,306)	Other Income and Expenditure	(11,441)	(1,424)	(12,865)
<b>(7,957)</b>	<b>11,698</b>	<b>3,741</b>	<b>Surplus in Year</b>	<b>(6,434)</b>	<b>10,962</b>	<b>4,528</b>
<b>(39,753)</b>			<b>Opening General Fund, HRA and Earmarked Reserves Balance</b>	<b>(47,710)</b>		
(7,957)			Plus Surplus on General Fund and HRA Balances in Year	(6,434)		
<b>(47,710)</b>			<b>Closing General Fund, HRA and Earmarked Reserves Balance at 31 March</b>	<b>(54,144)</b>		

The note for 2019/20 is set out below:

<b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts</b>	<b>Adjustments for Capital Purposes</b>	<b>Net Change for the Pensions Adjustments</b>	<b>Other Differences</b>	<b>Total Adjustments</b>
	<b>(Note a)</b>	<b>(Note b)</b>	<b>(Note c)</b>	
	£'000	£'000	£'000	£'000
Chief Executive Officer	0	156	0	156
Resources and Business Transformation	3,247	214	(317)	3,144
Legal and Governance	0	88	0	88
Place & Communities	2,785	549	0	3,334
Housing and Assets	965	105	0	1,070
HRA - Housing Revenue Account	3,767	328	783	4,878
<b>Net Cost of Services</b>	<b>10,764</b>	<b>1,440</b>	<b>466</b>	<b>12,670</b>
<b>Other income and expenditure from the Expenditure and Funding Analysis</b>	<b>3,348</b>	<b>2,269</b>	<b>(7,041)</b>	<b>(1,424)</b>
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>14,112</b>	<b>3,709</b>	<b>(6,575)</b>	<b>11,246</b>

The restated comparatives for 2018/19 are set out below:

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	(Note a)	(Note b)	(Note c)	
	£'000	£'000	£'000	£'000
Chief Executive Officer	2	218	0	220
Resources and Business Transformation	777	318	42	1,137
Legal and Governance	0	132	0	132
Place & Communities	2,760	867	0	3,627
Housing and Assets	1,400	246	0	1,646
HRA - Housing Revenue Account	3,461	493	276	4,230
<b>Net Cost of Services</b>	<b>8,400</b>	<b>2,274</b>	<b>318</b>	<b>10,992</b>
<b>Other income and expenditure from the Expenditure and Funding Analysis</b>	<b>2,100</b>	<b>2,443</b>	<b>(3,837)</b>	<b>706</b>
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>10,500</b>	<b>4,717</b>	<b>(3,519)</b>	<b>11,698</b>

#### a. Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable

in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

#### **b. Net Change for the Pensions Adjustments**

This column is the net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income.

- **For services** this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For **Financing and investment income and expenditure**, the net interest on the defined benefit liability is charged to the CIES.

#### **c. Other Differences**

This column highlights other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute.

- For **Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NNDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference, as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

## B. Segmental Income

Income received on a segmental basis is analysed below:

2018/19 £'000		2019/20 £'000
	<b>Services</b>	
(8)	Chief Executive Officer	0
(34,219)	Resources & Business Transformation	(29,288)
(532)	Legal & Governance	(792)
(4,373)	Place & Communities	(5,024)
(1,058)	Housing & Assets	(2,330)
(24,080)	HRA - Housing Revenue Account	(24,452)
<b>(64,270)</b>	<b>Total income analysed on a segmental basis</b>	<b>(61,886)</b>

## 7. Expenditure and Income Analysed by Nature

2018/19 £'000		2019/20 £'000
	<b>Expenditure</b>	
26,444	Employee benefits expenses	25,634
43,084	Other services expenses	41,818
13,232	Depreciation, amortisation, impairment	14,380
3,384	Interest Payments	3,248
290	Precepts and Levies	289
555	Payments to Housing Capital Receipts Pool	555
(1)	Loss/(Gain) on the disposal of assets	110
<b>86,987</b>	<b>Total Expenditure</b>	<b>86,034</b>
	<b>Income</b>	
(64,270)	Fees, charges and other service income	(61,886)
(1,426)	Interest and investment income	(2,615)
(12,468)	Income from council tax, non-domestic rates, district rate income	(12,268)
(2,299)	Capital grants	(2,651)
(2,783)	Government grants and contributions	(1,802)
<b>(83,246)</b>	<b>Total Income</b>	<b>(81,222)</b>
<b>3,741</b>	<b>Surplus or Deficit on the Provision of Services</b>	<b>4,812</b>

## **8. Adjustment between accounting basis and funding basis under statute**

This note details the adjustments that are made to the financial position as identified within the Comprehensive Income and Expenditure Statement in accordance with proper accounting practice to the resources that are specified by statutory provision as being available to the District Council to meet future capital and revenue expenditure.

### **General Fund Balance**

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year. However, the balance is not available to be applied to funding Housing Revenue Account (HRA) services.

### **Housing Revenue Account Balance**

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority Council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

### **Major Repairs Reserve**

The Authority is required to maintain the Major Repairs Reserve (MRR), which controls an element of the capital resources limited to being used on capital expenditure of HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the Major Repairs Allowance (MRA) that has yet to be applied at the year-end.

### **Capital Receipts Reserve**

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

### **Capital Grants Unapplied**

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied or the year in which it can take place.

**Statement for Current Financial Period 2019/20**

	<b>General Fund Balance £'000</b>	<b>Housing Revenue Account £'000</b>	<b>Housing Major Repair Reserves £'000</b>	<b>Capital Receipts Reserve £'000</b>	<b>Capital Grants Reserve £'000</b>	<b>Movement in Unusable Reserves £'000</b>
<b>Capital Adjustment Account</b>						
Charges for depreciation and impairment of non-current assets	(2,740)	0	470	0	0	(2,270)
Revaluation losses on Property Plant and Equipment	(3,446)	(5,409)	0	0	0	(8,855)
Capital Grants and Contributions	2,651	0	0	0	(471)	2,180
Revenue Expenditure Funded from Capital under Statute	(935)	0	0	0	0	(935)
Non-current assets written off on disposal	(110)	0	0	0	0	(110)
Statutory Provision for the financing of capital investment	1,362	0	0	0	0	1,362
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(555)	0	0	0	0	(555)
Capital Expenditure charged against Revenue	70	831	0	0	0	901
	<b>(3,703)</b>	<b>(4,578)</b>	<b>470</b>	<b>0</b>	<b>(471)</b>	<b>(8,282)</b>
<b>Capital Receipts Reserve</b>						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	(7,980)	0	(7,980)
Use of the Capital Receipts reserve to finance new expenditure	0	0	0	5,719	0	5,719
	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,261)</b>	<b>0</b>	<b>(2,261)</b>
<b>Pension Reserve</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(6,354)	(1,518)	0	0	0	(7,872)
Employers pension contribution payable in the year	2,986	1,190	0	0	0	4,176
	<b>(3,368)</b>	<b>(328)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(3,696)</b>

	General Fund Balance £'000	Housing Revenue Account £'000	Housing Major Repair Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Reserve £'000	Movement in Unusable Reserves £'000
<b>Collection Fund Adjustment</b>						
Amount by which business rates income credited to the Comprehensive Income and Expenditure Statement is different from business rates income calculated for the year in accordance with statutory requirements	330	0	0	0	0	330
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(52)	0	0	0	0	(52)
	278	0	0	0	0	278
<b>Accumulating Short term Compensated Absences Account</b>						
Amount by which staff remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from that chargeable in the year in accordance with statutory requirements	(17)	(8)	0	0	0	(25)
<b>Major Repairs Reserve</b>						
Reversal of Major Repair Allowance credited to the HRA	0	0	(5,382)	0	0	(5,382)
Use of the Major Repair Reserve to finance new capital expenditure	0	0	5,382	0	0	5,382
Excess of Depreciation Charged to HRA Compared to the Major Repairs Allowance Element of Housing Subsidy	0	470	(470)	0	0	0
	0	470	(470)	0	0	0
<b>Financial Instrument Adjustment Account</b>						
Financial Instruments - Reconciliation to Amortised Costs	8	0	0	0	0	8
	8	0	0	0	0	8
	<b>(6,802)</b>	<b>(4,444)</b>	<b>0</b>	<b>(2,261)</b>	<b>(471)</b>	<b>(13,978)</b>



## Statement for Prior Financial Period 2018/19

	General Fund Balance £'000	Housing Revenue Account £'000	Housing Major Repair Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Reserve £'000	Movement in Unusable Reserves £'000
<b>Capital Adjustment Account</b>						
Charges for depreciation and impairment of non-current assets	(2,684)	0	306	0	0	(2,378)
Revaluation losses on Property Plant and Equipment	(1,326)	(4,831)	0	0	0	(6,157)
Capital Grants and Contributions	2,299	0	0	0	(502)	1,797
Revenue Expenditure Funded from Capital under Statute	(976)	0	0	0	0	(976)
Non-current assets written off on disposal	1	0	0	0	0	1
Statutory Provision for the financing of capital investment	285	70	0	0	0	355
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(555)	0	0	0	0	(555)
Capital Expenditure charged against Revenue	54	816	0	0	0	870
	(2,902)	(3,945)	306	0	(502)	(7,043)
<b>Capital Receipts Reserve</b>						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	(1,624)	0	(1,624)
Use of the Capital Receipts reserve to finance new expenditure	0	0	0	1,349	0	1,349
	0	0	0	(275)	0	(275)
<b>Pension Reserve</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(7,556)	(1,440)	0	0	0	(8,996)
Employers pension contribution payable in the year	3,333	947	0	0	0	4,280
	(4,223)	(493)	0	0	0	(4,716)

	General Fund Balance £'000	Housing Revenue Account £'000	Housing Major Repair Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Reserve £'000	Movement in Unusable Reserves £'000
<b>Collection Fund Adjustment</b>						
Amount by which business rate income credited to the Comprehensive Income and Expenditure Statement is different from business rates income calculated for the year in accordance with statutory requirements	(395)	0	0	0	0	(395)
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(58)	0	0	0	0	(58)
	(453)	0	0	0	0	(453)
<b>Accumulating Short term Compensated Absences Account</b>						
Amount by which staff remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from that chargeable in the year in accordance with statutory requirements	28	(24)	0	0	0	4
<b>Major Repairs Reserve</b>						
Reversal of Major Repair Allowance credited to the HRA	0	0	(4,790)	0	0	(4,790)
Use of the Major Repair Reserve to finance new capital expenditure	0	0	4,790	0	0	4,790
Excess of Depreciation Charged to HRA Compared to the Major Repairs Allowance Element of Housing Subsidy	0	306	(306)	0	0	0
	0	306	(306)	0	0	0
<b>Financial Instrument Adjustment Account</b>						
Amortisation of Premiums and Discounts	0	0	0	0	0	0
Financial Instruments - Reconciliation to Amortised Costs	8	0	0	0	0	8
	8	0	0	0	0	8
	(7,542)	(4,156)	0	(275)	(502)	(12,475)

## 9. Grant Income

The Council received the following major government grants and contributions to the Comprehensive Income and Expenditure Statement within 2019/20.

Comparators are shown for 2018/19 for other grants and contributions.

2018/19 £'000		2019/20 £'000
<b>Government Grants Credited to Services</b>		
17,412	Rent Allowances Subsidy	14,017
12,760	Rent Rebates Subsidy	11,545
417	Benefits Administration Grant	375
186	Council Tax Admin Grant	178
122	New Burdens Grant (Other)	156
153	Non Domestic Rates Admin Allowance	148
20	Individual Electoral Reform Grant	19
0	Elections	346
161	Homelessness Assistance	142
0	Rapid Rehousing Pathway	547
80	Apprenticeship Levy	98
50	Department for Environment, Food and Rural Affairs	0
237	Domestic Abuse (LAs)	463
0	Future High Street	150
0	Towns Fund	324
0	Syrian Vulnerable Persons Resettlement Scheme	287
0	Covid19 Support Grant	68
17	BREXIT Grant	35
102	Other Revenue Grants	68
<b>31,717</b>	<b>Sub Total</b>	<b>28,966</b>
<b>Other Grants and Contributions Credited to Services</b>		
280	Discretionary Housing Payments	237
364	Mansfield Joint Crematorium	369
12	NCC Garden Waste Contribution	5
29	Developer Contributions to Revenue (S106)	0
0	Rough Sleeper	520
0	Community Safety	84
246	Other Revenue Grants and Contributions	147
<b>931</b>	<b>Sub Total</b>	<b>1,362</b>
<b>32,648</b>	<b>Grants and Contributions Credited to Services Total</b>	<b>30,328</b>

## Grants Income (Continued)

<b>Credited to Taxation and Non Specific Grant Income</b>		
697	Revenue Support Grant (*CIES Government Grants)	194
2,086	New Homes Bonus Grant (*CIES Government Grants)	1,608
2,299	Capital Grants and Contributions	2,651
6,452	Net Non-Domestic Rates Receipts	5,472
<b>11,534</b>	<b>Total Grants</b>	<b>9,925</b>
<b>2018/19</b>		<b>2019/20</b>
<b>£'000</b>		<b>£'000</b>
<b>Memorandum Account NDR</b>		
15,015	Retained Business Rates - transfer from Collection Fund	15,202
(9,413)	Tariff payable direct to Nottinghamshire County Council	(9,629)
5,602	Total Retained Business Rates	5,573
1,136	Small Business & Empty Rate - Sct 31 - Grant	1,388
(1,177)	Business Rates Levy	(1,097)
562	Returned Levy as a result of Nottinghamshire Pooling	647
342	Returned Levy (remaining 50%) as a result of Nottinghamshire Pooling 2016/17	0
59	Levy Account Surplus Grant	13
(72)	Distribution of estimated NDR deficit/surplus	(1,075)
	Renewable Energy NNDR wholly retained	23
<b>6,452</b>		<b>5,472</b>
Amount Credited to the Comprehensive Income and Expenditure Statement after adjustment for the Collection Fund Adjustment Account		
<b>6,057</b>		<b>5,802</b>

## 10. Interest Payable and Other Charges

<b>2018/19 Restated</b>		<b>2019/20</b>
<b>£'000</b>		<b>£'000</b>
3,351	Loan Interest	3,164
19	General Fund	83
<b>3,370</b>	<b>Total Interest Payable and Other Charges</b>	<b>3,248</b>

Note: Loan interest for 2018/19 has been restated to remove £14k Crematorium Pension Net Interest Cost. This is now shown separately in Financing and Investment Income and Expenditure on the Comprehensive Income and Expenditure Statement.

## 11. Tangible Non-current Assets

	Housing Revenue Account	Land and Buildings	Community Assets	Vehicles, Plant and Equipment	Infra- structure	Surplus Assets	Assets under Construction	Total
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1st April 2019	233,585	59,216	941	7,555	96	2,062	1,816	305,271
Additions	6,181	230	0	2,148	0	0	1,819	10,378
Disposals	(2,779)	0	0	(977)	0	(50)	0	(3,806)
Reclassifications	49	566	0	0	0	0	(615)	0
Revaluations / (Impairments)								
Recognised in the Revaluation Reserve	960	0	0	0	0	0	0	960
Recognised in Provision of Services	(5,381)	(429)	0	0	0	0	0	(5,810)
As at 31st March 2020	232,615	59,583	941	8,726	96	2,012	3,020	306,993
<b>Depreciation and Impairments</b>								
As at 1st April 2019	(490)	(5,414)	(276)	(1,560)	(32)	0	0	(7,772)
Charge for the year	(3,704)	(1,647)	(65)	(1,088)	(3)	0	0	(6,507)
Disposals	0	0	0	930	0	0	0	930
Reclassifications	(15)	15	0	0	0	0	0	0
Revaluations / (Impairments)								
Recognised in the Revaluation Reserve	3,660	(6)	0	0	0	0	0	3,654
Recognised in Provision of Services	0	75	0	0	0	0	0	75
As at 31st March 2020	(549)	(6,977)	(341)	(1,718)	(35)	0	0	(9,620)
<b>Balance Sheet Net Amount at 31st March 2020</b>	232,066	52,606	600	7,008	61	2,012	3,020	297,373

The tangible non-current assets at 31<sup>st</sup> March 2018 for comparative purposes are set out below:

	Housing Revenue Account	Land and Buildings	Community Assets	Vehicles, Plant and Equipment	Infra- structure	Surplus Assets	Assets under Construction	Total
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1st April 2018	224,194	60,485	941	5,730	96	2,021	3,620	297,087
Adjustment	0	0	0	0	0	0	0	0
Additions	5,879	460	0	79	0	0	480	6,898
Disposals	(2,161)	0	0	(56)	0	0	0	(2,217)
Reclassifications	260	(1,511)	0	1,802	0	0	(2,284)	(1,733)
Revaluations / (Impairments)								
Recognised in the Revaluation Reserve	10,244	445	0	0	0	41	0	10,730
Recognised in Provision of Services	(4,831)	(663)	0	0	0	0	0	(5,494)
As at 31st March 2019	233,585	59,216	941	7,555	96	2,062	1,816	305,271
<b>Depreciation and Impairments</b>								
As at 1st April 2018	(568)	(4,209)	(184)	(574)	(29)	41	0	(5,523)
Adjustment	0	0	0	0	0	0	0	0
Charge for the year	(3,461)	(1,559)	(92)	(1,030)	(3)	0	0	(6,145)
Disposals	0	0	0	44	0	0	0	44
Reclassifications	0	61	0	0	0	0	0	61
Revaluations / (Impairments)								
Recognised in the Revaluation Reserve	3,539	293	0	0	0	(41)	0	3,791
Recognised in Provision of Services	0	0	0	0	0	0	0	0
As at 31st March 2019	(490)	(5,414)	(276)	(1,560)	(32)	0	0	(7,772)
Balance Sheet Net Amount at 31st March 2019	233,095	53,802	665	5,995	64	2,062	1,816	297,499

## **Capital Commitments**

The Council entered into a contract in 2015/16 for the refurbishment of Council dwellings, which will cover the period 2015/16 to 2019/20. The estimated value of this contract is between £25m and £38m.

## **Effects of Changes in Estimates**

In 2019/20, a full valuation of Council Dwelling stock was completed. Many of these valuations were revised upwards on the 31<sup>st</sup> March 2020. As most of the upward valuation relates to an increase in the non-depreciating land value there is therefore not expected to be an increase in depreciation. As a result of Right to Buy sales future Council Dwelling depreciation is likely to reduce by approximately £60k.

## **Revaluations**

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The significant assumptions applied in estimating the fair values are:

- It has been assumed for the purpose of these valuations that there are no onerous covenants or conditions, which would be imposed on the disposals of the assets.
- The Council housing stock has been valued on the basis of existing use value discounted for social housing, in accordance with the financial framework for Stock Valuation for Resource Accounting Guidance for Valuers 2016 (as supplied by the Department for Communities and Local Government).

Due to the worldwide pandemic of Coronavirus (COVID-19) that hit the UK in March 2020. The Council's valuers have followed the guidance issued by the Royal Institute of Chartered Surveyors (RICS) and their valuation reports conclude that due to the impact of Covid-19 on the property market there is 'material uncertainty' in the valuation of land and buildings and investment properties.

## 12. Heritage Assets

### Cenotaphs

The Authority has seven cenotaphs at various locations throughout the District. The valuation for these cenotaphs is based on the average replacement cost and this has been agreed following discussions with our internal valuer.

### Statues and Artwork

Insurance valuations were used to value the Harold Larwood Statue in Kirkby. All other Heritage Assets comprising of Walter Jack Painting Brierley Park, Mosaic Marker Stone at Spring Street Hucknall, Flight of Fancy Statue at Hucknall Market Place and the Miners Statue at Station Road Hucknall are all valued at historic cost. The winding wheel at Annesley has now been added to the Heritage Assets, hence the £25k increase.

	<b>Cenotaphs</b>	<b>Statues and Artwork</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or Valuation</b>			
1st April 2019	330	473	803
Acquisitions	0	25	25
<b>31st March 2020</b>	<b>330</b>	<b>498</b>	<b>828</b>

<b>Cost or Valuation</b>			
1st April 2018	330	473	803
Acquisitions	0	0	0
<b>31st March 2019</b>	<b>330</b>	<b>473</b>	<b>803</b>



### 13. Tangible Non-Current Asset Valuations

The following table shows the progress of the Council's rolling programme for the revaluation of non-current assets. The purpose of the rolling programme is to ensure that all assets valued at current value are re-valued at least every five years. The table shows the annual movement in asset values arising from the revaluation programme.

	Housing Revenue Account £'000	Land and Buildings £'000	Community Assets £'000	Vehicles, Plant and Equipment £'000	Infra- structure £'000	Surplus Assets £'000	Assets under Construction £'000	Total £'000
<b>Gross book value of assets 31st March 2020</b>	232,615	59,583	941	8,726	96	2,012	3,020	306,993
Valued at historical cost	(444)	(8,799)	(941)	(8,726)	(96)	0	(3,020)	(22,026)
	232,171	50,784	0	0	0	2,012	0	284,967
Crematorium Valuation (2018/19)	0	1,039	0	0	0	0	0	1,039
Valued at current value:	0	0	0	0	0	0	0	
31st March 2020 by the Estates Manager (MRICS) employed by ADC	229,622	0	0	0	0	0	0	
31st March 2019 by the Estates Manager (MRICS) employed by ADC	1,283	2,565	0	0	0	0	0	3,848
31st January 2018 and 31st March 2018 by the Estates Manager (MRICS) employed by ADC	0	11,804	0	0	0	0	0	11,804
31st March 2017 by the Estates Manager (MRICS) employed by ADC	0	2,813	0	0	0	1,778	0	4,591
31st March 2016 by the Estates Manager (MRICS) employed by ADC	1,266	32,563	0	0	0	234	0	34,063
	232,171	50,784	0	0	0	2,012	0	284,967

## 14. Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

2018/19 £'000		2019/20 £'000
1,379	Rental Income From Investment Properties	2643
31	Direct operating expenses arising from investment property	(106)
<u>1,410</u>	Net gain/(loss)	<u>2,537</u>

There are no restrictions on the authority's ability to realise the value inherent in its investment property or on the authority's right to the remittance of income and the proceeds of disposal. The authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

2018/19 £'000		2019/20 £'000
14,317	Balance at Start of the Year	19,228
	Additions:	
8,768	- Purchases	39,091
0	- Construction	0
0	- Subsequent expenditure	0
0	Disposals	0
477	Net gains/losses from fair value adjustments	(3,077)
	Transfers:	
0	- to/from inventories	0
(4,334)	- to/from property, plant and equipment	0
0	Other Changes	0
<u>19,228</u>	Balance at end of year	<u>55,242</u>

## Fair Value Hierarchy

Details of the authority's investment properties and information about the fair value hierarchy as at 31 March 2020 and 31 March 2019 are as follows:

	Quoted prices in active markets for identical assets (level 1) £'000	Other significant observable inputs (level 2) £'000	Significant unobservable inputs (level 3) £'000	Fair Value as at 31 March 2020 £'000
<b>2019/20 Fair Value Hierarchy</b>				
Recurring fair value measurements using:				
Residential (market rental) properties	0	0	0	0
Office units	0	0	0	0
Commercial Units	55,823	0	0	55,823
Total	55,823	0	0	55,823

	Quoted prices in active markets for identical assets (level 1) £'000	Other significant observable inputs (level 2) £'000	Significant unobservable inputs (level 3) £'000	Fair Value as at 31 March 2019 £'000
<b>2018/19 Comparative Figures</b>				
Recurring fair value measurements using:				
Residential (market rental) properties	0	0	0	0
Office units	0	0	0	0
Commercial Units	19,228	0	0	19,228
Total	19,228	0	0	19,228

## 15. Intangible Non-Current Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generated software. There have been no software purchases in 2019/20, which meet the definition of intangible non-current assets.

## 16. Gains and Losses from the Sale of Assets

The Comprehensive Income and Expenditure Statement includes gains and losses from the sale of Council assets. The value of the gains and losses for 2019/20 is as follows:

2018/19		2019/20	
£'000		£'000	
0	Council house sales	0	
(1)	General fund assets	110	
<b>(1)</b>	<b>Total (Gain)/Loss</b>	<b>110</b>	

## 17. Financial Instruments

### a. Financial liabilities held at amortised cost

	Long Term		Short Term	
	31st March 2020 £'000	31st March 2019 £'000	31st March 2020 £'000	31st March 2019 £'000
<b>Financial Liabilities</b>				
Borrowings at Amortised Cost	98,481	70,116	5,000	13,185
Finance Leases	0	0	0	0
Trade Creditors	0	0	6,158	3,241
<b>Total Financial Liabilities</b>	<b>98,481</b>	<b>70,116</b>	<b>11,158</b>	<b>16,426</b>

### b. Financial Assets – Loans and receivables held at amortised cost

	Long Term		Short Term	
	31st March 2020 £'000	31st March 2019 £'000	31st March 2020 £'000	31st March 2019 £'000
<b>Loans and Receivables</b>				
Investments	0	0	0	0
Trade Debtors	0	0	6,626	6,733
<b>Total Loans and Receivables</b>	<b>0</b>	<b>0</b>	<b>6,626</b>	<b>6,733</b>

### c. Gains and Losses on Financial Instruments

2018/19 £'000		2019/20 £'000
	<b>Interest Expense</b>	
3,263	Liabilities measured at 'Amortised Cost'	3,388
	<b>Interest Income</b>	
(52)	Loans and Receivables	(74)
<b>3,210</b>	<b>Net Gain / (Loss) for the Year</b>	<b>3,314</b>

### d. Fair Value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets (represented by loans and receivables) are carried in the Balance Sheet at amortised cost. Capita Asset Services plc provides the fair values to be utilised.

	31st March 2020		31st March 2019	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
<b>Financial Liabilities</b>				
PWLB	62,810	66,631	34,438	46,486
Money Market	35,671	49,847	35,677	61,848
	<b>98,481</b>	<b>116,479</b>	<b>70,116</b>	<b>108,335</b>
 Short Term Borrowing	 5,000	 5,006	 0	 0
Money Market maturing in one year	0	0	6,049	6,337
PWLB maturing in one year	0	0	7,136	7,166
	<b>5,000</b>	<b>5,006</b>	<b>13,185</b>	<b>13,503</b>
	<b>103,481</b>	<b>121,485</b>	<b>83,301</b>	<b>121,839</b>
 <b>Loans and Receivables</b>				
Other Securities	0	0	0	0
Direct Short Term Investments	0	0	0	0
Money Market less than 12 months	2,000	2,006	0	0
	<b>2,000</b>	<b>2,006</b>	<b>0</b>	<b>0</b>

## e. Investments

Under the Council's accounting policy on Cash Equivalents, instant access accounts are deemed to be classified as cash equivalents within the balance sheet and cash flow statements while investments of greater than 3 months, are classified as investments.

31st March 2019 £'000		31st March 2020 £'000
	<b>Short Term Investments:</b>	
0	Money Market less than 12 months	2,000
0	Investments of Joint Crematorium Committee	0
<u>0</u>		<u>2,000</u>
	<b>Long Term Investments:</b>	
0	Other Securities	0
<u>0</u>		<u>0</u>
<u>0</u>	<b>Total Investments</b>	<u><b>2,000</b></u>

## 18. Inventories

A breakdown of the balance sheet figure is given below:

2018/19 £'000		2019/20 £'000
488	Balance at 1st April	535
1,938	Purchases	1,763
(1,891)	Recognised as an expense	(1,784)
<u>535</u>	Balance at 31st March	<u>514</u>

## 19. Debtors

An analysis of the balance sheet figure is given below:

31st March 2019 £'000		31st March 2020 £'000
	<b>Short Term Debtors:</b>	
2,656	Central Government Bodies	974
1,176	Other Local Authorities	2,044
1	NHS Bodies	6
6,732	Other entities and individuals	7,272
(2,342)	Provision for Bad Debt	(2,698)
<u>8,223</u>		<u>7,598</u>

31st March 2019 £'000	
0	Long Term Debtors
<u>0</u>	

31st March 2020 £'000	
0	
<u>0</u>	

#### Debtors For Local Taxation

31st March 2019 £'000	
442	Council Tax
417	Non Domestic Rates
<u>859</u>	

31st March 2020 £'000	
491	
556	
<u>1,047</u>	

## 20. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31st March 2019 £'000	
(1,017)	Bank Current Accounts
8,185	Short Term Deposits
<u>7,168</u>	

31st March 2020 £'000	
(121)	
8,312	
<u>8,191</u>	

## 21. Assets Held For Sale

International Reporting Standard 5 requires Non-Current Assets Held for Sale and Discontinued Operations to be reported separately in the balance sheet. The Council has several assets that meets the definition of Assets Held for Sale i.e. Brook Street Sutton Offices, Titchfield Park Broomhill Chapel and two plots of land on the Butlers Hill site.

The Council sold its investment property in Glenrothes at the beginning of the financial year.

31st March 2019 £'000		31st March 2020 £'000
59	Opening Balance	6,830
1,672	Transfer From Property Plant and Equipment	0
4,334	Transfer From Investment Properties	0
0	Disposals	(5,770)
	Revaluations / (Impairments)	
1,552	Recognised in the Revaluation Reserve	0
(787)	Recognised in Provision of Services	(124)
<b>6,830</b>	Closing Balance	<b>936</b>

## 22. Creditors

An analysis of the balance sheet figure is given below:

31st March 2019 £'000		31st March 2020 £'000
403	Central Government Bodies	2,786
3,752	Other Local Authorities	3,630
0	NHS Bodies	74
3,241	Other entities and individuals	7,256
<b>7,396</b>		<b>13,746</b>
0	<b>Long Term Creditors</b>	0
<b>0</b>		<b>0</b>



## 23. Provisions

The Council has created provisions in respect of a number of issues that may result in a cost to the Council. These are analysed below for 2019/20 with 2018/19 provided for comparative purposes.

	Balance at 31st March 2019 £'000	Receipts in year £'000	Payments in year £'000	Balance at 31st March 2020 £'000
<b>Short Term:</b>				
Accumulated Absences	(365)	(25)	0	(390)
Termination Costs	(92)	(13)	92	(13)
Legal costs (Land Charges)	(12)	0	12	0
Dilapidations	0	(45)	0	(45)
Employment Tribunals	0	(48)	0	(48)
<b>Long Term:</b>				
Planning Appeal Costs	(125)	0	0	(125)
NDR Appeals	(1,394)	(838)	262	(1,970)
Insurance Funds:				
Municipal Mutual Insurance (MMI)	(65)	0	8	(57)
Liability	(185)	(49)	112	(122)
Property	(55)	(15)	40	(30)
<b>Total</b>	<b>(2,293)</b>	<b>(1,033)</b>	<b>526</b>	<b>(2,800)</b>

	Balance at 31st March 2018 £'000	Receipts in year £'000	Payments in year £'000	Balance at 31st March 2019 £'000
<b>Short Term:</b>				
Accumulated Absences	(369)	0	4	(365)
Termination Costs	0	(92)	0	(92)
Legal costs	(12)	0	0	(12)
<b>Long Term:</b>				
Planning Appeal Costs	(40)	(85)	0	(125)
Legal Costs re H&S Prosecution	(155)	0	155	0
NDR Appeals	(1,210)	(301)	117	(1,394)
Insurance Funds:				
Municipal Mutual Insurance (MMI)	(65)	0	0	(65)
Liability	(197)	0	12	(185)
Property	(9)	(46)	0	(55)
<b>Total</b>	<b>(2,057)</b>	<b>(524)</b>	<b>288</b>	<b>(2,293)</b>

#### **a. Accumulated Absences**

The provision represents the value of employee benefits, mainly flexi time and annual holiday entitlement not taken at 1 April 2020. This is a short-term liability.

#### **b. Termination Costs**

As at the 31 March 2020 a pension strain payment remained outstanding in relation to termination costs of a restructure that had completed in 19/20, in the interest of the efficiency of the service. The payment, will not be made until April 2020.

#### **c. Legal Costs – (Land Charges)**

No further claims are expected in relation to this provision. The balance on the provision has been released.

#### **d. Dilapidations**

The provision represents the estimated cost of a dilapidations obligation in relation to a commercial property. The negotiation in relation to the Council's obligation is on-going and the timing of the settlement is unknown.

#### **e. Employment Tribunals**

This arises as a result of estimated costs of settlement of two employment tribunals that were being pursued as at 31 March 2020.

#### **f. Planning Appeal Costs**

This arises as a result of reviewing planning appeals and the payment of legal costs should these be successful.

#### **g. National Non-Domestic Rates (NNDR) Appeals**

The Business Rate Retention regime places a liability on the Council to refund ratepayers who successfully appeal against the rateable value of their properties on the rating list. A provision of £1.970m has been made, representing the Council's estimated share of such liabilities at 31 March 2020.

#### **h. Insurances**

At the end of the year, the Council had a £209k insurance provision, which is maintained to meet its outstanding liability (within the policy excess) for claims in line with the reserves calculated by the Council's Insurers. Most claims come to fruition within 1-2 years. The factors affecting these values can change and the Insurance Companies regularly review the reserves. The main risk is that several incurred but not reported claims could affect its adequacy. Over and above this provision, the Council also maintains additional insurance within the Internal Insurance Fund Reserve.

## 24. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and the following note.

### a. Earmarked Reserves

This note sets out the amounts set aside from the General Fund balances to earmarked reserves for future expenditure plans. Further detail on the movement of reserves can be found within the Narrative Statement.

	Balance at 31st March 2020 £'000	Movements in Year £'000	Balance at 31st March 2019 £'000	Movements in Year £'000	Balance at 31st March 2018 £'000
District Planning Inquiry	375	(31)	406	350	56
Elections	10	(77)	87	5	82
Harold Farr Bequest	5	0	5	(3)	8
Joint Use Maintenance Fund	201	0	201	(7)	208
Asset Repair & Renewal Reserve	772	(40)	812	351	461
LAMS Reserve	76	0	76	15	61
Joint Crematorium Reserve	487	(5)	492	(7)	499
Insurance Related Funds	417	83	334	14	320
Revenue Grant Reserve	1,758	801	957	49	908
NNDR Equalisation Reserve	1,430	(374)	1,804	842	962
Supported Housing Reserve	11		11	0	11
Corporate Change Reserve	0	(1,257)	1,257	200	1,057
Commercial Property Investment Reserve	2,300	1,500	800	400	400
Economic Development and Place Reserve	209	(32)	241	14	227
Technology Investment Reserve	0	(402)	402	(160)	562
Brexit Reserve	51	51	0	0	0
Covid-19 Reserves	62	62	0	0	0
Selective Licensing	12	12	0	0	0
Licensing	110	110	0	0	0
Corporate Transformation Reserve	1,384	1,384	0	0	0
	<b>9,670</b>	<b>1,785</b>	<b>7,885</b>	<b>2,063</b>	<b>5,822</b>

Details of the major usable reserves are set out below:

#### District Planning Inquiry Reserve

This reserve is to fund the costs of having and maintaining a Local Plan as required by legislation.

#### Joint Use Maintenance Fund

This reserve is to fund future maintenance expenditure at two leisure centres that are jointly managed by Nottinghamshire County Council and Ashfield District Council.

**Asset Repair & Renewal Reserve**

This reserve is to part fund investment into the Council's land, buildings & vehicles, further stock condition surveys and to progress the asset rationalisation programme.

**Joint Crematorium Reserve**

This reserve to fund Ashfield District Council proportion of any maintenance expenditure to the crematorium, which is jointly run between Ashfield District Council, Mansfield District Council and Newark and Sherwood District Council.

**Insurance Related Reserves**

To provide self-insurance for smaller value claims and to smooth claims between years. Also to fund future liability claims as a result of liquidation of MMI and Independent Insurance Company.

**Revenue Grant Reserve**

This reflects the unused element of revenue grants awarded to the Council, for which the conditions of the grant are expected to be met or for which there are no conditions. The reserve will be used to meet future years' revenue expenditure as required or as conditions are met. This includes Future High Street Fund and Towns Fund capacity funding to be fully utilised in 2020/21.

**National Non-Domestic Rates (NNDR) Equalisation Reserves**

This reserve hold gains relating to the variations to the NNDR forecast and is utilised to fund deficits on the collection of NNDR in future years.

**Commercial Property Investment Reserve**

This reserve is to provide funding to mitigate the impact of void periods on revenue and to mitigate fluctuations within the property market.

**Economic Development and Place Reserve**

To provide funding for feasibility studies to unlock external funding or to support projects that will result in economic growth or support inward investment.

**Corporate Transformation Reserve**

The Corporate Change Reserve and Technology Investment Reserve have been merged in year to create the Corporate Transformation Reserve. This reserve is to fund changes in service delivery through service reviews and technology investment to enable change to take place.

**Licensing Reserve**

This reserve is to hold profit on the taxi licencing application service, to ensure it is earmarked for reinvestment back into the service.

## b. Capital Grants Unapplied Reserve

This reserve details the amounts received in unspent capital grant and contribution income that does not have material conditions attached and is therefore available for financing future capital expenditure purposes.

2018/19 £'000		2019/20 £'000
3,052	<b>Opening Balance</b>	3,554
2,299	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement	2,651
(1,797)	Application of Capital Grants and Contributions within the period and adjusted through the Capital Adjustment Account	(2,180)
<b>3,554</b>	<b>Closing balance</b>	<b>4,025</b>

## c. Capital Receipts Reserve

£'000		£'000
130	<b>Opening Balance</b>	405
1,624	Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	7,980
(1,349)	Use of the reserve to finance new expenditure	(5,719)
<b>405</b>	<b>Closing Balance</b>	<b>2,666</b>

## 25. Unusable Reserves

The unusable reserves arise from accounting entries and cannot be used to finance expenditure. The table below contains an analysis of the unusable reserves.

	Balance at 31st March 2020 £'000	Movements in Year £'000	Balance at 31st March 2019 £'000	Movements in Year £'000	Balance at 31st March 2018 £'000
Revaluation Reserve	(78,923)	(608)	(78,315)	(14,106)	(64,209)
Capital Adjustment Account	(114,787)	6,593	(121,380)	4,993	(126,373)
Pensions Reserve	92,892	(3,754)	96,646	(3,823)	100,469
Crematorium Pensions Reserve	515	(45)	560	(8)	568
Accumulated Absences Reserve	390	25	365	(4)	369
Collection Fund Adjustment Account - Council Tax	86	52	34	58	(24)
Collection Fund Adjustment Account - NNDR	701	(330)	1,031	395	636
Financial Instruments Adjustment Account	713	(8)	721	(8)	729
	<b>(98,413)</b>	<b>1,925</b>	<b>(100,338)</b>	<b>(12,503)</b>	<b>(87,835)</b>

### a. Revaluation Reserve

The revaluation reserve contains the gains made by the Council arising from increases in the value of Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downward
- used in the provision of services and the gains are consumed through depreciation
- disposed of and the gains realised.

2018/19 £'000		2019/20 £'000
(64,209)	Opening Balance	(78,315)
0	Asset Impairment	0
0	Crematorium Opening Balance IFRS	0
(14,521)	Revaluation of Assets	(4,614)
0	Heritage Assets	(25)
(353)	Investment Properties	81
(1,552)	Assets Held for Sale	0
2,054	Adjustment between current value depreciation and historic cost depreciation	1,830
266	Write out of revaluation on disposal; property, plant and equipment	2,120
<b>(78,315)</b>	<b>Closing Balance</b>	<b>(78,923)</b>

The reserve contains revaluation gains accumulated since 1 April 2007, the date that the reserve was created; prior to this date revaluation gains were consolidated into the Capital Adjustment Account.

## b. Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for the financing of these assets under statutory provision.

The table below identifies the transactions posted to this account during the period.

2018/19 £'000		2019/20 £'000
(126,373)	Opening Balance	(121,380)
2,378	Charges for depreciation and impairment of non-current assets	2,270
6,157	Revaluation losses / (gains) on Property Plant and Equipment	8,855
(1,797)	Capital Grants and Contributions	(2,180)
976	Revenue Expenditure Funded from Capital under Statute	935
2,173	Carrying Value of non-current assets written off on disposal	8,646
(1,904)	Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(6,275)
(355)	Statutory Provision for the financing of capital investment	(1,362)
(870)	Capital Expenditure charged against Revenue	(901)
555	Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	555
4,790	Reversal of Major Repair Allowance credited to the HRA	5,382
(4,790)	Use of the Major Repair Reserve to finance new capital expenditure	(5,382)
	<u>Other Reserve Movements</u>	
(2,054)	Adjustment between current value depreciation and historic cost depreciation	(1,830)
(266)	Write out of revaluation on disposal; property, plant and equipment	(2,120)
<b>(121,380)</b>	<b>Closing Balance</b>	<b>(114,787)</b>

## c. Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding those benefits in accordance with statutory provision.

The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible

The debit balance on the Pension Reserve shows a substantial shortfall in the resources the Council has set aside to meet the benefits earned by past and current employees. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2018/19 £'000		2019/20 £'000
100,469	Opening Balance	96,646
(8,539)	Actuarial (gains) or losses on pension assets and liabilities	(7,450)
8,996	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	7,872
(2,416)	Employers pension contribution payable in the year	(2,268)
(1,864)	Prepayment of Backfunding	(1,908)
<b>96,646</b>	<b>Closing Balance</b>	<b>92,892</b>

#### d. Accumulated Absences Reserve

The Accumulated Absences Account absorbs the difference that would otherwise arise on the General Fund Balance from providing for compensated absences earned but not taken in year.

2018/19 £'000		2019/20 £'000
369	Opening Balance	365
(4)	Movement in Year	25
<b>365</b>		<b>390</b>

#### e. Financial Instruments Adjustment Account

The Financial Instrument Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expense relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

2018/19 £'000		2019/20 £'000
729	Opening Balance	721
(8)	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(8)
<b>721</b>		<b>713</b>



#### f. Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and business rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2018/19 £'000		2019/20 £'000
(24)	<b>Council Tax</b>	34
	Opening Balance	
58	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	52
<b>34</b>		<b>86</b>
	<b>Business Rates</b>	
636	Opening Balance	1,031
395	Amount by which NNDR income credited to the Comprehensive Income and Expenditure Statement is different from NNDR income calculated for the year in accordance with statutory requirements	(330)
<b>1,031</b>		<b>701</b>

#### g. Crematorium Pension Reserve

2018/19 £'000		2019/20 £'000
568	Opening Balance	560
(8)	Actuarial (gains) or losses on pension assets and liabilities	(45)
<b>560</b>	<b>Closing Balance</b>	<b>515</b>

## 26. Cash Flow Statement Notes

### a. Net Cash Flows from Operating Activities

2018/19 £'000		2019/20 £'000
(3,741)	Net Surplus or (Deficit) on the Provision of Services-	(4,812)
	Adjust net surplus or (deficit) on the provision of services for non-cash movements:	
12,318	Depreciation and Impairment	15,362
(8)	Adjustments for effective interest rates	0
(955)	Increase/Decrease in Creditors	6,358
(825)	Increase/Decrease in Debtors	625
(47)	Increase/Decrease in Inventories	21
6,580	Pension Liability	5,604
236	Contributions to/(from) Provisions	507
2,173	Carrying amount of non-current assets sold [property plant and equipment, investment property and intangible assets]	8,646
<b>19,472</b>		<b>37,123</b>
	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities:	
(2,299)	Capital Grants credited to surplus or deficit on the provision of services	(2,651)
	Proceeds from the sale of short and long term investments	
(1,624)	Proceeds from the sale of property plant and equipment, investment property and intangible assets	(7,980)
<b>(3,923)</b>		<b>(10,631)</b>

### b. Net Cash Flows from Operating Activities (Interest)

2018/19 £'000		2019/20 £'000
	Operating activities within the cash flow statement include the following cash flows relating to interest:	
16	Ordinary interest received	78
<b>16</b>	Interest Received	<b>78</b>
(3,263)	Interest charge for year	(3,164)
(8)	Adjustments for differences between Effective Interest Rates and actual interest payable	0
52	Other interest:	(83)
<b>(3,219)</b>	Interest Paid	<b>(3,247)</b>

### c. Net Cash Flows from Investing Activities

2018/19		2019/20
£'000		£'000
(6,898)	Purchase of Property, Plant and Equipment, investment property and intangible assets	(10,378)
(8,768)	Purchase of Investment Properties	(39,091)
4,510	Sale of short and long term investments	(2,000)
(784)	Increase/Decrease in Creditors	0
1,624	Proceeds from the sale of property plant and equipment, investment property and intangible assets	7,980
2,299	Capital Grants Received	2,651
<b>(8,017)</b>	<b>Total Cash Flows from Investing Activities</b>	<b>(40,838)</b>

### d. Cash Flow - Financing Activities

2018/19		2019/20
£'000		£'000
0	Cash receipts of short and long term borrowing	33,365
3	Repayment of Short-Term and Long-Term Borrowing	(13,185)
0	Collection Fund Adjustment Account	0
<b>3</b>	<b>Total Cash Flows from Financing Activities</b>	<b>20,180</b>

## 27. Members' Allowances

The total amount paid under the members' allowances scheme during the year was £448,678 (£397,892 in 2018/19).

## 28. Officers' Remuneration and Exit Packages

### a. Officers' Remuneration

The remuneration paid to the Council's senior officers was as follows:

Post	Salary, Fees and Allowances	Bonuses	Expenses Allowances	Compensation for Loss of Office	Total Remuneration Exc. Pension Contributions	Pension Contributions	Total Remuneration
	£	£	£	£	£	£	£
Chief Executive Officer (Left 22/09/2019)	56,576	0	0	0	56,576	7,684	64,260
Chief Executive Officer (Interim)	60,499	0	0	0	60,499	8,712	69,211
Director Housing & Assets (Deputy Chief Exec)	82,130	0	0	0	82,130	11,827	93,957
Director Legal & Governance	79,070	0	0	0	79,070	11,386	90,456
Service Director Resources & Business Transformation	79,070	0	0	0	79,070	11,386	90,456
Director Place & Communities (Left 31/07/2019)	24,252	0	0	0	24,252	3,077	27,329
Director Place & Communities (Comm 29/07/2019)	53,351	0	0	0	53,351	7,683	61,034
Corporate Finance Manager	65,423	0	0	0	65,423	9,421	74,844
Assistant Director Place & Well Being (Left 28/07/2019)	19,289	0	0	0	19,289	2,778	22,067
Assistant Director Planning & Regulatory Services	61,120	0	0	0	61,120	8,801	69,921
Assistant Director Neighbourhood & Environment	59,303	0	0	0	59,303	8,540	67,843
Assistant Director Assets & Investments	59,303	0	0	0	59,303	8,540	67,843
Asst Director Resources & Transformation	56,321	0	0	0	56,321	8,110	64,431

The information for 2018/19 on a similar basis for comparative purposes is:

Post	Salary, Fees and Allowances	Bonuses	Expenses Allowances	Compensation for Loss of Office	Total Remuneration Exc. Pension Contributions	Pension Contributions	Total Remuneration
	£	£	£	£	£	£	£
Chief Executive Officer	109,205	0	0	0	109,205	15,725	124,930
Director Housing & Assets (Deputy Chief Exec)	80,520	0	0	0	80,520	11,595	92,115
Director Legal & Governance	77,520	0	0	0	77,520	11,163	88,683
Service Director Resources & Business Transformation	77,520	0	0	0	77,520	11,163	88,683
Director Place & Communities	62,255	0	0	0	62,255	8,965	71,220
Corporate Finance Manager (Left 08/07/2018)	15,753	0	0	0	15,753	2,268	18,022
Corporate Finance Manager	56,108	0	0	0	56,108	8,080	64,187
Assistant Director Planning & Regulatory Services	58,419	0	0	0	58,419	8,412	66,831
Assistant Director Neighbourhood & Environment	56,081	0	0	0	56,081	8,076	64,157
Assistant Director Place & Well Being	56,737	0	0	0	56,737	8,170	64,907
Assistant Director Assets & Investments	55,435	0	0	0	55,435	7,983	63,418

Note 1 – Following a service review and job evaluation 3 service managers became Assistant Directors. These are now included in the figures for 2018/2019.

The number of employees whose remuneration (excluding employers' pension contributions) was £50k or more in bands of £5,000 was as follows. This includes all senior management from the above tables.

Remuneration (£)	2019/20	2018/19
50,000 – 54,999	4	2
55,000 – 59,999	5	6
60,000 – 64,999	2	1
65,000 – 69,999	1	0
70,000 – 74,999	0	0
75,000 – 79,999	2	2
80,000 – 84,999	1	1
85,000 – 89,999	0	0
90,000 – 94,999	0	0
95,000 – 99,999	0	0
100,000 – 104,999	0	0
105,000 – 109,999	0	1

## b. Exit Packages

The numbers of exit packages with total cost per band and total cost of compulsory and other redundancies are set out in the table below which shows the costs without pension strain adjustments as per IAS 19.

Exit Package Cost Band (Including Special Payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band [(b) + (c)]		Total Cost of Exit Packages in Each Band (£)	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
£0 - £20,000	2	1	14	3	16	4	104,775	21,648
£20,001 - £60,000	1	1	2	0	3	1	96,667	33,288
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 +	0	0	1	1	1	1	178,619	89,873
<b>TOTAL</b>	<b>3</b>	<b>2</b>	<b>17</b>	<b>4</b>	<b>20</b>	<b>6</b>	<b>380,061</b>	<b>144,809</b>

## 29. External Audit Costs

Fees payable to Mazars LLP 2019/20 with regard to external audit services were:

2018/19 £'000		2019/20 £'000
	External audit services carried out by the appointed	
43	auditor	46
20	Certification of Grant Claims	16
<u>63</u>		<u>62</u>

Additional fees payable of £3.2k in respect of auditing the Pooling of Capital Receipts return.

## 30. Related Party Transactions

The Council is required to disclose material transactions with related parties bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. The disclosure of these transactions allows readers to assess the extent to which there exists the possibility that the Council might have been constrained in its ability to operate independently or might have secured the ability to influence another party's ability to bargain freely with the Council.

### a. Central Government

Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operate, provides the majority of its funding in the form of grants and prescribes the terms of many transactions that the Council has with other parties (e.g. Council Tax bills, Housing Benefits). Details of major grants received from the Government are set out in Note 9 of the accounts.

### b. Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2019/20 is shown in Note 27.

The following is based upon the original declarations made by Members upon election, supplemented and updated to capture any changes in circumstances since then. The Council made payments to a range of voluntary organisations totalling £16,827 in 2019/20 under the Members Community Support Scheme.

The Council is jointly responsible for the operation of the Mansfield and District Joint Crematorium Committee, along with Mansfield District Council and Newark and Sherwood District Council. Details of the Council's share of transactions are shown at Note 38. There are three elected Members of the Council who were also members of the Committee for 2019/20. These are Councillor T.Hollis, Councillor



H Smith and Councillor K Barsby who was replaced by Councillor D Martin in February 2020.

Payments totalling £301,347 were made to Parish Councils.

- A total of £245,483 was paid to Selston Parish Council, the main payment relating to the precept of £233,861.
- A total of £55,864 was paid to Annesley and Felley Parish Council, the main payment relating to the precept of £55,490.

During 2019/20, there were six elected members of the Council who were also parish councillors. Members of Selston Parish Council were Councillor C Chapman and Councillor D Martin. Members of Annesley and Felley Parish Council were Councillor R.E. Madden, Councillor J.B. Zadrozny, Councillor C Brown, Councillor D Martin and Councillor D Williamson.

Related party transactions forms were returned by all councillors, with the exception of one individual. This is due to exceptional circumstances and which the Council is aware of. From the records held by the Council, there is no evidence of third party relationships which require inclusion here.

In all instances where payments are involved, proper consideration of declarations of interest has been given. The relevant members did not take part in any discussion or decision relating to payments. Details of all transactions are recorded in Register of Members' Interests, which is available for public inspection.

The disclosure note has been prepared using the Council's Register of Members Declarations of Interest and appointments made by the Council in addition to a specific declaration obtained in respect of related party transactions as part of the closure of accounts process.

### **c. Officers**

Senior Officers of the Council have control over the day-to-day management of the Council and all senior officers have been asked to declare any related party transactions. From the replies provided there are no such transactions to be declared.

## **31. Capital Financing Requirement**

The total amount of capital expenditure incurred in the year is shown in the table, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

2018/19 £'000		2019/20 £'000
116,843	<b>Opening Capital Financing Requirement</b>	125,347
	<b>Capital Investment</b>	
6,898	Operational Assets	10,378
8,768	Investment Properties	39,091
976	REFCUS	935
16,642		50,404
	<b>Sources of Finance</b>	
1,349	Capital Receipts	5,719
54	Reserves	70
1,797	Government Grants and Other Contributions	2,180
	Local Authority Mortgage Scheme	500
3,767	Major Repairs Reserve	4,237
355	Minimum Revenue Provision	1,362
816	Revenue Contributions	831
8,138		14,899
125,347	<b>Closing Capital Financing Requirement</b>	160,852
8,504	<b>Movement in the Year</b>	35,505
	<b>Explanation of Movement in the Year</b>	
8,859	Increase in Underlying Need to Borrow (unsupported by Government Financial Assistance)	37,367
0	Reduction for End of Local Authority Mortgage Support Scheme	(500)
(355)	Minimum Revenue Provision	(1,362)
8,504		35,505

### 32. Assets held as Lessee

The Council has no assets held as a lessee.

### 33. Assets held as Lessor

#### a. Finance Leases

The Council has no assets held under finance leases.

## **b. Operating Leases**

With regard to the Council's activity as a lessor, the gross value of assets held for use in operating leases as at 31st March 2020 was £8.318m and as at 31 March 2019 was £8.339m (these properties were subject to accumulated depreciation and impairment of £0.099m in 2019/20 and £0.046m 2018/19). The net book value of these assets is £8.151m in 2019/20 and £8.250m in 2018/19. The difference is due to Impairment and Depreciation.

The future minimum lease payments receivable under non-cancellable leases in future years are:-

2018/19 £'000		2019/20 £'000
2,123	Within 1 Year	4,412
7,528	Between 2 and 5 Years	16,077
16,619	Later than 5 Years	15,799
<u>26,270</u>		<u>36,287</u>

## **34. Revaluation Loss**

During 2019/20, the Council have recognised revaluation losses as detailed in the following table:

2018/19 £'000		2019/20 £'000
	Revaluation Losses recognised within the surplus or Deficit of the provision of services	
<u>6,156</u>		<u>5,859</u>
<u>6,156</u>		<u>5,834</u>

## **35. Retirement Benefits**

### **a. Participation in pension schemes**

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme administered locally by Nottinghamshire County Council. This is a funded defined benefit final salary scheme, meaning that the Council and the

employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

There were three new early retirements during the year, which were not allowed for at the previous accounting date. The total annual pension that came into payment was £17.4k.

The latest membership data is shown in the table below.

	Number	Salaries/ Pensions £'000	Average Age Current Employees
Active members	536	13,083	46
Deferred pensioners	737	1,724	46
Pensioners	771	4,896	72
Unfunded pensioners	154	315	79

The pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Nottinghamshire County Council. A team within the County Council undertakes day to day administration of the fund. Where appropriate some functions are delegated to the Fund's professional advisors.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

## **b. Transactions relating to retirement benefits**

The costs of retirement benefits are recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

As a result of the Triennial Review, the Council made the decision to pay a single lump sum amount for the superannuation back-funding in 2017/18 for years 2017/18, 2018/19 and 2019/20. There is no prepayment remaining at 31 March 2020.

2018/19 £'000		2019/20 £'000
<b>Comprehensive Income and Expenditure Statement</b>		
	Cost of Services:	
6,507	Current service cost	5,570
	Financing and Investment Income and Expenditure	
2,443	Net Interest on the defined liability (asset)	2,256
46	Administration Expenses	46
8,996	Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of services	7,872
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined benefit liability comprising;		
6,514	Return on plan assets in excess of interest	(10,452)
0	Other actuarial gains/(losses) on assets	(480)
(9,648)	Changes in financial assumptions	20,278
11,673	Change in demographic assumptions	3,555
0	Experience gain/(loss) on defined benefit obligation	(5,451)
0	Liabilities assumed/ (extinguished) on settlements	0
0	Settlement prices received/(paid)	0
8,539	Total Post-employment Benefits Charged to the Comprehensive Income and Expenditure Statement	7,450
Movement in reserves Statement		
(8,996)	reversal of net charges made for retirement benefits in accordance with the code	(7,872)
Actual amount charged against the General Fund Balance for pensions in the year:		
2,416	Employers' contributions payable to scheme	2,268
1,864	Employers' contributions pre-paid for 2019/20	1,908
(4,716)		(3,696)

### **Pensions Assets and Liabilities Recognised in the Balance Sheet**

2018/19 £'000		2019/20 £'000
205,034	Present value of the Defined benefit obligation	192,652
(115,023)	Fair Value of the plan assets (bid value)	(103,781)
90,011	Deficit/ Surplus	88,871
4,727	Present Value of unfunded obligation	4,021
94,738		92,892

**c. Reconciliation of the Movements in the Fair Value of the Scheme (Plan) Assets:**

<b>2018/19</b>		<b>2019/20</b>
<b>£'000</b>		<b>£'000</b>
108,547	Opening fair value of Scheme assets	115,023
2,733	Interest on assets	2,727
6,514	Return on assets less interest	(10,452)
0	Actuarial gains and (losses)	(480)
(46)	Administration expenses	(46)
2,416	Employer contributions	2,268
846	Contributions by scheme participants	865
(5,987)	Benefits paid	(6,432)
0	Settlement Prices Received/ Paid	308
<b>115,023</b>	<b>Closing fair value of Scheme assets</b>	<b>103,781</b>

**d. Reconciliation of Present Value of the Scheme Liabilities**

<b>2018/19</b>		<b>2019/20</b>
<b>£'000</b>		<b>£'000</b>
205,244	Opening Defined Benefit Obligation	209,761
4,853	Current service cost	5,078
5,176	Interest cost	4,983
9,648	Change in financial assumptions	(20,278)
(11,673)	Change in demographic assumptions	(3,555)
0	Experience loss/(gain) on defined benefit obligation	5,451
0	Liabilities Assumed/ (extinguished) on settlements	648
(5,708)	Benefits paid (net of transfers in)	(6,153)
1,654	Past Service Cost including curtailments	152
846	Contributions by scheme participants	865
(279)	Unfunded pension costs	(279)
<b>209,761</b>	<b>Closing Defined Benefit Obligation</b>	<b>196,673</b>

## e. Pension Scheme Assets Comprise

31st March 2019			31st March 2020		
£'000			£'000		
71,391	62.07%	Equities	59,896	57.71%	
3,746	3.26%	Gilts	4,312	4.15%	
10,658	9.27%	Other Bonds	9,536	9.19%	
15,565	13.53%	Property	15,474	14.91%	
2,779	2.42%	Cash	4,229	4.07%	
4,180	3.63%	Inflation-linked	3,877	3.74%	
5,537	4.81%	Infrastructure	6,457	6.22%	
1,167	1.01%	Unit Trust	0	0.00%	
<b>115,023</b>	<b>100.00%</b>		<b>103,781</b>	<b>100.00%</b>	

The detail of the assets as at 31 March 2020, representing the percentages of the total Fund held in each asset class.

Asset Breakdown		% Quoted	% Unquoted
Fixed Interest Government Securities	UK	4.2%	0.0%
Corporate Bonds	UK	3.5%	0.0%
	Overseas	5.7%	0.0%
Equities	UK	21.6%	0.1%
	Overseas	31.7%	0.0%
Property	All	0.0%	14.9%
Others	Private Equity	0.0%	3.1%
	Infrastructure	0.0%	6.2%
	Unit trusts	0.0%	1.2%
	Inflation Linked	0.0%	3.7%
	Credit	0.0%	1.0%
	Cash/Temporary Investments	0.0%	3.0%
<b>Total</b>		<b>66.7%</b>	<b>33.3%</b>

## f. Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The County Council Fund liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31st March 2020.

The principal assumptions used by the actuary were:

2018/19		2019/20
	<b>Mortality assumptions:</b>	
	<b>Longevity at 65 for current pensioners:</b>	
21.6	Men	21.8
24.4	Women	24.4
	<b>Longevity at 65 for future pensioners:</b>	
23.3	Men	23.2
26.2	Women	25.8
	<b>Financial Assumptions:</b>	
3.40%	Increase in Retail Price Index	2.70%
2.40%	Increase in Consumer Price Index	1.90%
3.90%	Rate of increase in salaries	2.90%
2.40%	Rate of increase in pensions	1.90%
2.40%	Rate for discounting scheme liabilities	2.35%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

#### Sensitivity Analysis

	£'000	£'000	£'000
Adjustment to discount rate:	+0.1%	0.0%	-0.1%
Present value of total obligation	192,792	196,673	200,637
Projected service cost	4,476	4,594	4,716
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	197,023	196,673	196,327
Projected service cost	4,596	4,594	4,592
Adjustment to pension increases & deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	200,301	196,673	193,117
Projected service cost	4,714	4,594	4,477
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present value of total obligation	204,842	196,673	188,854
Projected service cost	4,735	4,594	4,457



### Projected Pension Expense for year to 31 March 2021

	2020/21 £'000
Service Costs	4,594
Net Interest on the defined liability (asset)	2,152
Administration Expense	42
<b>Total</b>	<b>6,788</b>
Employer contribution	2,390

Note these figures exclude the capitalised cost of any early retirements or augmentations, which may occur after 31 March 2020. These projections are based on the assumptions as at 31 March 2020, as described in the note.

## 36. Contingent Assets and Liabilities

### a. Insurance

The Independent Insurance Company was the Council's Liability Insurer between 1992 and 1998 and was forced into liquidation in 2001. As at 31<sup>st</sup> March 2020 outstanding claims against the Council totalling £25k remain. As the Independent Insurance Company, no longer exists the costs will fall to the Council once individual claims are settled.

In September 1992, Municipal Mutual Insurance (MMI), the Council's former insurers, ceased accepting new business. MMI and its policyholders including local authorities established "scheme of arrangement" for the orderly run down of the company. The Council has paid to date a levy during the scheme of arrangement of £143k. The estimated full liability after the levy payment is £430k. These requirements will ultimately be funded via the Insurance Reserve but the adequacy of the Reserve going forward will require further assessment.

### b. VAT Reclaim – Embedded VAT on Postage Costs

The European Court of Justice has ruled that the Post Office is subject to VAT, where it supplies postal services on terms, which have been individually negotiated, as opposed to the universal postal service that is exempt from VAT.

The Council joined (in March 2015) a Group Litigation Order, which is being promoted by LAVAT and lawyers Mischon de Reya. Should the claim be successful, the Council would be able to claim back the embedded VAT on postal services, plus compound interest back to 1978.

Between 2006 and 2011, the Council paid £60k in VAT as part of its postage costs, although no detailed calculation exists for the period prior to this. As such, the likely amount that the Council may gain from this action (which has cost £14.7k to date to join) cannot be easily determined at this point. A contingent asset is recognised, and its value may be clarified as the case progresses.

#### **c. Health & Safety Prosecution**

The Council has a potential legionella prosecution to bring against an employer under its Health and Safety duties. The employee was seriously ill but has recovered, his illness has been linked to legionella found in his place of work by Public Health England.

The Council is currently considering the strength of evidence. Expert evidence will need to be obtained and advice sought from a specialist barrister before a prosecution decision is made. The decision whether to prosecute will not be made for some months yet. If prosecuted, there could be a significant fine as this company is an international company with a large turnover. Costs of pursuing the case could be significant although we will seek to re-claim if the case is successful.

#### **d. Truck Cartel**

The Council has joined a possible collective compensation claim (coordinated by the LGA) against certain truck manufacturers who engaged in price fixing between 1997 and 2011. The potential claim is in the very early stages of gathering information and at this stage it is unclear the potential value of any claim or the strength of any claim. The Council has to date incurred no costs.

### **37. Deferred Credits**

There were no deferred credits utilised to fund capital expenditure in either 2019/20 or 2018/19.

### 38. Joint Crematorium Committee

The Council's share (currently 43.74% share) of income, expenditure, assets and liabilities in respect of the Joint Crematorium Committee is as follows;

2018/19 £'000		2019/20 £'000
(768)	Gross Income	(762)
475	Gross Expenditure	483
<b>(293)</b>	Net (Surplus)/Deficit	<b>(279)</b>
1,896	Total Assets at Year End	1,843
(926)	Total Liabilities at Year end	(887)
<b>970</b>	Net Assets at Year End	<b>956</b>

2018/19 £'000	Pension Values Included Within Assets & Liabilities	2019/20 £'000
(552)	Long Term Liability - Pension	(515)
560	Pension Reserve	515
<b>8</b>		<b>0</b>

The Joint Crematorium is a member of the Local Government Pension Scheme. The Council's share above includes Pension Liabilities of £515k (£560k 2018/19).

### 39. Nature and Extent of Risks Arising from Financial Instruments

#### a. Credit Risk

Credit risk arises from deposits with banks and other financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised by an investment policy which requires that deposits are not made with financial institutions unless they meet minimum standards. It also imposes a maximum amount which can be invested with each financial institution.

The credit criteria in respect of financial assets held by the Council are as detailed below:

Financial Asset Category	Criteria	Maximum Investment
Deposits with banks & building societies	We are guided by the rating agencies and credit default swap data. Please refer to the Council's Treasury Management Strategy.	£5m per counter-party

The following analysis summarises the Council's potential exposure to credit risk, based on experience of default and failure to collect over the last five financial years, adjusted to reflect current market conditions.

	Amount at 31st March 2020	Historical Experience of default	Historical experience adjusted for market conditions at 31st March 2020	Estimated maximum exposure to default and uncollectibility
	£'000	%	%	£'000
Deposits with banks and financial institutions	2,366	0.0	0.5	12
Bonds	0	N/A	0.0	0
Customers - Sundry Debtors	998	12.98	5.0	50
Housing Benefit Overpayments	2,108	50.0	50.0	1,054
Housing Benefit Overpayment Clawback	640	25.0	25.0	160

The Council does not allow credit for its customers, and at the 31st March 2020, £3.1m was due for payment. The past due amount can be analysed by age as follows:

31st March 2019 £'000		31st March 2020 £'000	
1,163	Less than 2 months	464	
227	2 to 6 months	182	
198	6 to 12 months	370	
1,753	More than 1 year	2,090	
<b>3,342</b>		<b>3,107</b>	

## b. Liquidity Risk

The Council manages its cash flow on a daily basis to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates.

An analysis of the long term borrowings included in the balance sheet is shown below:

Source of Loan	Ranges of Interest Rates Payable	Carrying Amount	
		31st March 2020	31st March 2019
	%	£'000	£'000
Public Works Loan Board	1.73% to 9.25%	62,810	34,438
Money Market	3.76% to 5.75%	35,671	35,677
		<b>98,481</b>	<b>70,116</b>
<b>Maturity Within:</b>			
Less than a year	N/A	0	0
1-2 years	N/A	0	0
2-5 years	3.55% - 5.75%	7,501	8,750
5-10 years	4.5% - 9.25%	7,651	14,284
More than 10 years	1.73% - 4.75%	83,329	47,082
		<b>98,481</b>	<b>70,116</b>

#### c. Market Rate Risk

The impact of a general rise in interest rates of one percent at 31st March 2019 is minimal for the Council as regards interest payable and carries no risk on interest receivable. This is due to most borrowings being on fixed rate terms. However, the fair value of financial liabilities would decrease. This is a memorandum item only and does not change the Balance Sheet or other accounts.

#### d. Price Risk

The Council does not invest in equity shares and is not a shareholder in any businesses. The Council is not exposed to any losses arising from movements in the price of shares.

#### e. Foreign Exchange Risk

The Council has no financial assets or liabilities that are denominated in foreign currency and therefore has no exposure to gains or losses arising from movements in exchange rates.

#### **40. Trust Funds**

The Council acts as custodian trustee for a number of Trusts.

The Teversal Community Centre and Recreation Ground Trust exists for the provision and maintenance of a community centre and recreation ground for the use of the inhabitants of Teversal, Stanton Hill, Skegby and the neighbourhood thereof. Over the past few years, the Trust has incurred deficits and is working with the Council on a restructure.

The Council is also sole trustee for three recreation charities, for which no separate bank account exists. These are:

- Sutton-in-Ashfield Recreation Grounds
- Kirkby-in-Ashfield Recreation Ground, Lord Francis Park
- Skegby Recreation Ground

In each case, the value of the parcels of land is low as they are parts of larger recreational areas, which cannot be used for any other purpose. At present, there is no valuation of the land areas attributable to the Trusts. There are no other assets or liabilities relating to the three Trusts.